(b) if so, the proposals worked out so far;

(c) whether Government would take into consideration about the welfare of employees while making such decisions;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) All public sector banks have reported profit for the year ending 31st March, 2006. Further, Government is of the view that a merger proposal needs to emanate from the concerned public sector banks, with Government playing a supportive role as a common shareholder. As regards private sector banks, Reserve Bank of India (RBI) has issued guidelines on voluntary merger/amalgamation between two banking companies or between a banking company and a non-banking financial company (NBFCs) on 11.5.2005 laying down, *inter-alia, the process of merger proposal, determination of swap ratios,* disclosures, the stages at which the Boards will get involved in the merger process, etc. These guidelines are available on RBI website *www.rbi.org.in.*

(c) to (e) While considering any merger proposal, Government/RBI ensures that the interests of the stakeholders and employees of merging banks are adequately protected.

Inflation due to supply constraints in agriculture sector

173. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether the present inflation spiral is caused by supply constraints in agriculture sector,

(b) whether it is a fact that a higher GDP growth rate beyond 8.00 per cent is accompanied by a corresponding high rate of inflation; and

(c) what steps have been proposed in the current budget to contain inflation to manageable levels?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Sir, the present trend of increase in

prices of certain commodities are a result of both supply side and demand side factors.

(b) High GDP growth rate does not necessarily accompany a high rate of inflation.

(c) Government has taken various measures to control inflation. These include reducation in prices of petrol and diesel, allowing import of wheat and pulses at zero duty rates, banning export of pulses and wheat, reduction of import duty on palm group of oils and several other commodities, ban on futures trading of some pulses and stringent regulatory measures for forward trading in various other commodities. Government is also monitoring the price situation on a regular basis.

Increase in rate of interest on home loans

174. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that he has advised Public Sector Banks not to raise the rate of interest on home loans;

(b) if so, the details thereof and the reasons therefor;

(c) whether it is also a fact that while the rate of interest on saving accounts is less than the rate of inflation, the rate of interest on loans has been increased giving unintended benefits to banks; and

(d) if so, the reasons for not raising the rate of interest on saving accounts?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Yes, Sir. It was desired that Public Sector Banks may rein in interest rates on home loan at the current level as further increase by banks may not be necessary, provided, banks are in a position to address the rebalancing of their credit portfolio.

(c) and (d) The information is being collected and will be laid on the Table of the House to the extent available.